

# SENATE BILL REPORT

## SB 5881

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As of March 24, 2011

**Title:** An act relating to the deposit of the additional cigarette tax.

**Brief Description:** Concerning the deposit of the additional cigarette tax.

**Sponsors:** Senators Kilmer and Parlette; by request of Office of Financial Management.

**Brief History:**

**Committee Activity:** Ways & Means: 3/24/11.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Brian Sims (786-7431)

**Background:** Eighty-four percent of an existing \$0.03 per cigarette tax is deposited in the education legacy trust account. The account is used for expanding access to higher education by funding new enrollments and financial aid, and for other educational improvement efforts. Most of the money deposited into the account is from the inheritance tax.

The state Constitution limits the issuance of state general obligation bonds. The State Treasurer may not issue a debt-limit general obligation bond if the amount of interest and principal payments in any year, along with such payments for existing debt limit bonds, would exceed 9 percent of the average of the annual general state revenue collections for the previous three fiscal years. State general revenues are defined as state taxes collected not for a specific purpose. Funds deposited into the education legacy trust account are not considered general revenue for purposes of calculating the debt limit.

**Summary of Bill:** The cigarette tax that is currently deposited into the education legacy trust account is deposited into the general fund effective July 1, 2010.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

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